

Message Text

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E.O. 11652: N/A
TAGS: EFIN, CY, ETEL, BENC, BFOL
SUBJECT: CYPRUS TELECOMMUNICATIONS AUTHORITY (CYTA)

REF: A. STATE 193934; B) NICOSIA 1363; C) NICOSIA 1122

SUMMARY: CYTA IS PROFITABLE, QUASI-GOVERNMENTAL AUTHORITY ESTABLISHED TO MANAGE LOCAL AND OVERSEAS TELECOMMUNICATIONS FOR GOC. IT IS EXPECTED TO GENERATE OWN BUDGET. BOARD OF DIRECTORS APPOINTED BY MINISTER OF COMMUNICATIONS AND WORKS REPORTS THROUGH HIM TO GOC COUNCIL OF MINISTERS. GOC GUARANTEES CYTA BORROWING. EMBASSY STRONGLY URGES EXIM TO SUPPORT FINANCING OF TELECOMMUNICATIONS SALES TO CYTA. END SUMMARY.

1. CYTA WAS ESTABLISHED IN 1954 AS CYPRUS INLAND TELECOMMUNICATIONS AUTHORITY AND AS SUCH TOOK ON RESPONSIBILITY FOR INLAND COMMUNICATIONS ON JULY 1, 1956. ON APRIL 1, 1961 IT TOOK OVER CABLE AND WIRELESS LTD. ALL OVERSEAS TELECOMMUNICATIONS SERVICES AND HAS SINCE BEEN KNOWN AS CYPRUS TELECOMMUNICATIONS AUTHORITY. IT HAS RESPONSIBILITY FOR PROVIDING, MAINTAINING, AND DEVELOPING COMPREHENSIVE TELECOMMUNICATIONS SYSTEMS FOR LOCAL AND OVERSEAS SERVICES. IT IS ANSWERABLE TO GOC COUNCIL OF MINISTERS THROUGH THE MINISTER OF COMMUNICATIONS AND WORKS WHO APPOINTS CYTA BOARD. IT IS QUASI-GOVERNMENTAL AUTHORITY ALONG LINES OF TVA. EVEN THOUGH CYTA GENERATES ITS OWN BUDGET, THE GOC FULLY GUARANTEES ITS UNCLASSIFIED

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BORROWING AND OTHER COMMITMENTS. CYTA'S GENERAL MANAGER IS AUTHORIZED BY LAW TO COMMIT THE GOC BY HIS SIGNATURE TO GUARANTEE ANY DOMESTIC OR FOREIGN BORROWING BY CYTA.

2. CYTA IS A MEMBER OF THE INTERNATIONAL TELECOMMUNICATIONS UNION AND THE COMMONWEALTH COMMUNICATIONS COUNCIL. IT IS REGARDED BY ITU AS ONE OF MOST PROGRESSIVE AND EFFICIENT TELE-

COMMUNICATIONS AUTHORITIES IN THE WORLD. CYPRUS HAS DIRECT DIALING CONNECTIONS WITH 54 COUNTRIES PLACING IT FOURTH IN THE WORLD AMONG COUNTRIES WITH SUCH FACILITIES, WELL AHEAD OF U.S. CYTA'S ACTIVITIES WERE SEVERELY DISRUPTED IN BOTH 1974 AND 1975. IT ENDED 1976 HOWEVER WITH SURPLUS OF 1.4 MILLION CYPRUS POUNDS. THOUGH FINAL FIGURES ARE NOT YET AVAILABLE, IT APPEARS THAT SURPLUS WAS DOUBLED IN 1977. IT IS THE ONLY PROFIT MAKING QUASI-GOVERNMENTAL AUTHORITY IN CYPRUS.

3. CYTA IS PRESENTLY EVALUATING TENDERS FOR SUPPLY OF EARTH SATELLITE STATION AND TERRESTRIAL MICROWAVE RADIO EQUIPMENT. U.S. BIDDERS (ITT, E-SYSTEMS AND COMTECH ON FORMER AND COLLINS, INTL. MICROWAVE AND NAPCO/GTE ON LATTER) ARE REPORTEDLY QUITE COMPETITIVE ON BOTH PRICE AND QUALITY. FINANCING WILL BE HOWEVER EXTREMELY IMPORTANT TO AWARD OF CONTRACTS WHICH WILL PROBABLY TOTAL JUST UNDER \$10 MILLION. U.S. BIDDERS WILL REQUIRE EXIM SUPPORT AND EMBASSY STRONGLY URGES EXIM FAVORABLY CONSIDER THEIR REQUESTS. CYTA IS FINANCIALLY SOUND AND AS STATED ABOVE ITS COMMITMENTS ARE FULLY GUARANTEED BY GOC. THE GOVERNMENT MANAGES CYPRIOT ECONOMY EXTREMELY WELL AND IBRD AND COMMERCIAL BANKS CONSIDER IT FIRST CLASS CREDIT RISK OWING TO STRONG FOREIGN EXCHANGE AND BALANCE OF PAYMENTS POSITIONS AND VERY LOW (4 PERCENT) DEBT SERVICE RATIO.

4. REQUEST DEPARTMENT PROVIDE EXIM WITH COPIES NICOSIA 1841 REPORTING \$40 MILLION LOAN TO GOC BY CHASE MANHATTAN-LED SYNDICATE, UNCLASSIFIED

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NICOSIA 1329 ON INVESTMENT CLIMATE IN CYPRUS AND NICOSIA 1935 WHICH URGES CCC TO EXPAND ITS CREDIT LINE TO CENTRAL BANK OF CYPRUS. ADDITIONAL INFORMATION SHOULD ALSO BE AVAILABLE FROM OPIC WHICH PROVIDES INCONVERTIBILITY, EXPROPRIATION AND WAR INSURANCE FOR BANK OF AMERICA INVESTMENT IN HELLENIC BANK. CYTA ANNUAL REPORT FOR 1976 AND BACKGROUND INFO ON CYPRUS ECONOMY BEING POUCHED TO EUR/SE FOR TRANSMITTAL TO EXIM.

5. FINALLY EMBASSY RECOMMENDS THAT EXIM OFFICIAL VISIT CYPRUS FOR ON-THE-SPOT EVALUATION OF POTENTIAL FOR EXIM FINANCING IN CYPRUS. IN ADDITION TO TELECOMMUNICATIONS, GOC HAS RECENTLY TENDERED FOR SUPPLY OF REFUGEE HOUSING, ROAD BUILDING AND RURAL DEVELOPMENT PROJECTS. IT WILL SOON TENDER FOR TWO STEAM TURBINE GENERATORS VALUED AT ABOUT \$135 MILLION AS WELL AS SMALLER PROJECTS INCLUDING RADAR AND INSTRUMENT LANDING SYSTEMS. ALL OF THESE OFFER SUBSTANTIAL OPPORTUNITIES FOR U.S. EXPORTERS. VISIT BY EXIM OFFICIAL WOULD PERMIT FIRST-HAND INDEPENDENT APPRECIATION OF VERY POSITIVE ECONOMIC AND COMMERCAIL CLIMATE. STONE

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